



**CITY OF HAYWARD**  
**AGENDA REPORT**

AGENDA DATE 09/16/03  
AGENDA ITEM 2  
WORK SESSION ITEM \_\_\_\_\_

**TO:** Mayor and City Council  
**FROM:** Director of Public Works  
**SUBJECT:** Authorization for the City Manager to Execute a Lease with the Federal Aviation Administration for Control Tower Space at the Hayward Executive Airport

**RECOMMENDATION:**

It is recommended that the City Council adopt the attached resolution which authorizes the City Manager to execute a lease agreement with the Federal Aviation Administration (FAA).

**BACKGROUND:**

The City owns the Air Traffic Control Tower at the Hayward Executive Airport and leases space to the U.S. Government for use by the FAA to carry out its air traffic control duties. The FAA occupies 1,617 square feet of space, which includes the third and fourth floor offices, the fifth floor equipment room, and the tower cab. The lease is renegotiated every five years. The most recent lease term expired September 2000.

Staff began negotiations with the FAA in July of 2000, three months prior to the lease expiration date of September 30. Unfortunately, due to internal delays by the FAA, it was not possible to negotiate a timely lease renewal by the termination date. Thereafter, the already lengthy delay was made worse by the events of September 11, 2001. The FAA subsequently put lease negotiations on hold while security issues were reevaluated. Lease negotiations resumed in the Spring of this year.

While typical CPI rent increases were due to be implemented by October 2000 (original lease termination date), in the interim, the FAA continued to pay "base rent" under the same rental rates as the expired lease. However, FAA did not reimburse City for increases in utility rates. In mid-August of this year, all lease modifications were agreed to by both City and FAA.

Given the atypical amount of time spent negotiating this lease, plus the fact the originally intended lease term was from October 1, 2000 to September 30, 2005, the parties agreed to extend the new lease for an additional three years (to 2008). Considering that the City initiates an increase every 5<sup>th</sup> year, the FAA will pay a rent increase covering not only the retroactive period beginning October 1, 2000 (to September 30, 2005); but also a 10% increase covering October 1, 2005, to September 30, 2008. In effect, the City is executing an 8-year lease to 2008 (retroactive from October 2000). This

will compensate City for increases it would have received in October 2000, and again in October 2005. All increases in utility rates during this same period will be compensated to City.

The key provisions of the lease are as follows:

1. The lease term extends (retroactively) from October 1, 2000, to September 30, 2008;
2. Initial monthly base rent (October 1, 2000, until September 30, 2005) will be \$26,730; a 30% increase over the previous 5-year period;
3. Effective October 1, 2005, the base rent shall be \$29,403 for the remainder of the lease term; a 10% increase from the previous 5-year period;
4. Rental payments include base rent for office space as well as reimbursements to cover City's actual expenses for utilities and elevator maintenance.

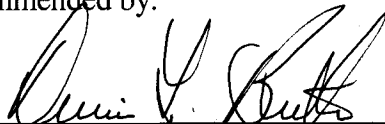
#### CONCLUSION:

It is recommended that the City Council approve the execution of the lease and operation agreement between the City and the FAA.

Prepared by:

  
for Brent S. Shiner, Airport Manager

Recommended by:

  
Dennis L. Butler, Director of Public Works

Approved by:

  
Jesús Armas, City Manager

# DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_

Introduced by Council Member \_\_\_\_\_

RESOLUTION AUTHORIZING THE CITY MANAGER  
TO EXECUTE A LEASE AGREEMENT BETWEEN THE  
CITY OF HAYWARD AND THE FEDERAL AVIATION  
ADMINISTRATION FOR CONTROL TOWER SPACE AT  
THE HAYWARD EXECUTIVE AIRPORT

BE IT RESOLVED by the City Council of the City of Hayward that the City Manager is hereby authorized and directed to execute on behalf of the City of Hayward a Lease for control tower space in support of air traffic control duties, between the City of Hayward and the Federal Aviation Administration (FAA), in a form approved by the City Attorney, copies of which are on file in the office of the City Clerk

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2003

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:  
MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward